

NSC BRIEF

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## INDONESIAN DEFENSE MINISTER OUT?

I. Resignation of pro-Communist Defense Minister Iwa (reported impending) would be major break in 17-day Indonesian Army-Government crisis.

A. Crisis precipitated (27 June) by government "Ramrod" appointment of chief-of-staff (Utoyo) not acceptable to rest of top army brass.

B. If Iwa's withdrawal is followed by appointment of new chief-of-staff, army leaders will probably be satisfied.

C. Some, however, may press on for full cabinet purge.

1. Col. Simbolon, tough anti-Communist commander of North Sumatra who claims to be architect of army's strategy, has stated that Army is "playing for keeps" and that whole cabinet must resign.

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NO CHANGE IN CLASS. ☐

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II. Even without continued Army pressure, act of Iwa's resignation, in itself, will be widely regarded as unmistakable evidence weakness of Ali govt, and cabinet downfall is now distinct possibility.

A. Ali coalition government has been increasingly criticized for inept handling of Indonesia's political, economic and military problems.

B. One coalition member (Parindra, small 7-seat nationalist party) appears to be on the verge of withdrawing its representative in Ali cabinet and washing its hands of government policies.

1. Action would deprive Ali of his present non-Communist plurality (2 seats).

C. In the absence of any other defections, Ali probably would be able to limp along until September elections, but would be totally dependent on Communist support.

- D. In this regard, Secretary General of Communist Party has strongly reiterated his party's support of Ali and opposition to either a presidential cabinet or a "military dictatorship."

III. Indonesian President Sukarno's prestige, already tarnished by increasing association with Ali's National Party, will suffer further as result Iwa's resignation.

- A. Sukarno hand-picked Iwa for job as defense minister, and supported him until present impasse.
- B. Was also instrumental in appointment of unpopular chief-of-staff.
- C. Under present circumstance, Sukarno may no longer be able to resist mounting pressure to replace Ali govt with a presidential cabinet (most probably headed by Vice President Hatta, a pro-West moderate) pending the September parliamentary elections (nation's first).